

Columbia River Gorge National Scenic Area

Economic Development Program

**WACG 94-2
WACG 96-01
WACG 97-02**

**Annual Report
November 2001**

OFFICE OF TRADE AND ECONOMIC DEVELOPMENT

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In 1999 the Washington and Oregon Economic Development Plans for the Columbia River Gorge National Scenic Area were revised. The goal was to review and update regional strategies in light of more current economic indicators and opportunities. The updated plans address needs as critical today to the strengthening of the Columbia River Gorge economy as in 1991 when the first plans were submitted to the Forest Service.

Since 1993 the Washington State Office of Trade and Economic Development has administered the Economic Development Program for Washington. The Act authorizes \$5 million for economic development in Washington. To date \$4,001,750 has been appropriated by Congress, which includes a “direct lump sum payment” of \$936,750 appropriated in 2001. Since 1994 eighteen grants and loans of approximately \$2,060,000 have been awarded from these funds for public and private economic development. These investments have leveraged a minimum of \$3,112,898.

The following annual report describes the use of Washington’s grant funds and how they have leveraged other assistance for the benefit of Washington’s Columbia River Gorge communities. For questions regarding this information, contact Tina Cohen at 360/725-4051.

Local Capacity Matching Grants

Local Capacity Matching Grants are intended to build and sustain local capacity to assist businesses and undertake projects designed to support new economic investment in the scenic area. Local governments, ports, and nonprofit organizations may apply for funds to undertake downtown revitalization, community development, worker training, tourism, marketing and business attraction and recruitment projects. All awards require a local public and/or private match.

Total amount awarded to date is over \$148,000, which has leveraged over \$150,000 in matching funds.



Recipient: Columbia Gorge Interpretive Center
Project Title: **Marketing Assistance**
Grant Amount: **\$13,982 (spent \$11,341)**
Leveraged: **\$4,670**
Time Period: **September 1997-September 1998**

This grant helped the Center revise and print new marketing brochures and newsletters intended to increase the number of paid admissions to exhibits. It should be noted that even prior to this grant, the Interpretive Center was working diligently to reduce a large capital building loan debt. While the marketing campaign was intended to increase membership and visitor revenue, there remained a need for \$275,000 to retire the debt. OTED staff continued to work with the organization to identify an appropriate funding source. (See page 8.)

Recipient: Columbia Gorge Arts & Culture Council
Project Title: **Arts Resource Directory**
Grant Amount: **\$5,727 (spent \$3,880)**
Leveraged: **\$17,113**
Time Period: **February 2000-December 2000**

The Arts Council received funding in February 2000 to produce an Arts Resource Directory for the Columbia River Gorge Region. Over 2,300 directories were distributed locally and regionally to libraries, chambers of commerce, visitor centers, arts agencies, schools, hotels, media, etc. Approximately 1,600 remaining directories will be distributed at festivals and other arts and cultural tourism events, and used to restock the original distribution points.

Recipient: Columbia River Gorge Visitors Association
Project Title: **Destination Marketing Plan**
Grant Amount: **\$50,000**
Leveraged: **\$50,000**
Time Period: **December 1994-September 1997**

The CRGVA implemented a destination marketing plan. Brochures were developed and ads were placed in ten regional publications, including *Sunset*, *Seattle Magazine*, *Northwest Travel*, and *Reader's Digest*. The final report indicates that during the contract period from 1994-1997, over 32,000 visitor inquiries were tracked, traffic counts on Washington State Highway 14 increased by 60 percent, and retail sales in Skamania County (1996) increased by 7.6 percent.



Gorge Interpretive Center

Recipient: Mid-Columbia Economic Development District
Project Title: Economic Study and Action Plan
Grant Amount: \$7,500
Leveraged: \$21,564
Time Period: May 1996-May 1997

MCEDD hired E. D. Hovee Co. to complete an economic opportunity study and action agenda. The study was a comprehensive review of current economic trends for the region. The project also included design and implementation of a “Gorge Economic Development Home Page” on the Internet to market business development and expansion sites and opportunities. As a result of this project the Columbia Gorge Economic Development Association was formed. (See page 10 regarding OGDF award.)

Recipient: Mid-Columbia Economic Development District
Project Title: Marketing Materials
Grant Amount: \$6,500
Leveraged : \$18,500
Time Period: June 2000-November 2001 (est.)

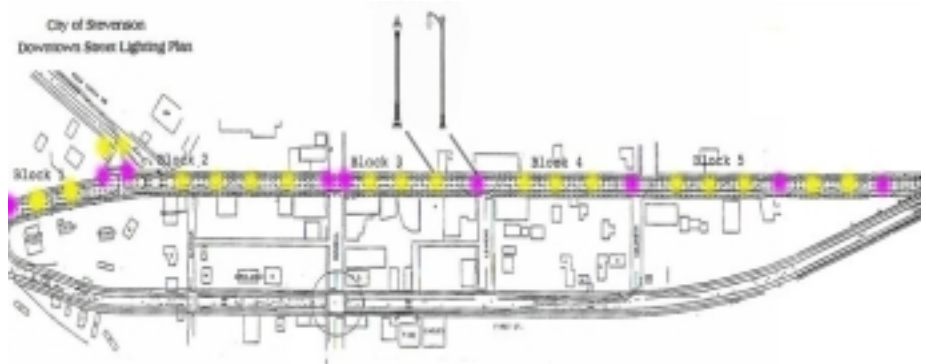
Another award was made in fall 2000 to assist with marketing materials and a direct mail campaign.

Recipient: Skamania County
Project Title: Housing Assessment
Grant Amount: \$7,000
Leveraged: \$39,400
Time Period: September 1997-January 2001

A shortage of affordable housing in Skamania County was identified as a critical need due to rising housing costs affecting workers in the Gorge. This grant funded a county-wide housing assessment to better define housing needs and an organizational structure to support housing development. The final report assessed the current housing situation and proposed a strategy for affordable housing. The county has not yet begun to implement housing strategies set out in the plan.

Recipient: Skamania County
Chamber of Commerce
Project Title: Downtown Plan
Grant Amount: \$22,000
Leveraged: \$8,000
Time Period: October 1998-April 2000

The Chamber took the lead in working with the city's Design Commission and the public to develop an Open Space and View Corridor Plan for downtown Stevenson. The resulting plan sets a framework for design standards and zoning criteria for downtown. The city of Stevenson and Skamania County subsequently received funding to implement the plan as an enhancement to reconstruction of SR 14. (See pages 8 and 9.)



Downtown Stevenson Street Lighting Plan

MicroLoan Program

The MicroLoan Program was created to finance new business starts or business expansions in Skamania County. The Skamania County Economic Development Council administers this program. The EDC was competitively selected to manage the \$200,000 MicroLoan Fund and receive a \$40,000 Local Capacity Matching Grant to provide technical assistance to local small business borrowers.

The loan fund is designed to meet the financing needs of the non-traditional business borrower who may not fit typical bank lending guidelines due to a small loan request, limited credit history, or lack of business experience.

The minimum loan amount is \$500 and maximum is \$30,000, plus fees.

To date the MicroLoan Fund has made loans totaling \$154,046 to five diverse small businesses.

Recipient: Skamania County Economic Development Council

Project Title: **MicroLoan Fund Program**

Grant Amount: **\$200,000 to capitalize the loan fund
\$40,000 for technical assistance**

Time Period: **October 1994-September 2003 (est.)**

- ♦ **The Spar Tree Restaurant and Lounge** (Henderson/Cochran Partnership) is the oldest established business in Stevenson. This loan provided gap financing to complete the business purchase and make building improvements. *With the \$30,750 loan, the Partnership created 12 full-time and 8 part-time jobs, and leveraged \$105,000 in public and private resources. (December 1995) (See page 7 for a subsequent loan.)*
- ♦ **Rich Holbert Trucking** received partial Gorge funding, combined with the EDC's other loan fund, to purchase a log truck and trailer unit to start a business. This gypo trucking company contracts with timber buyers to haul logs from timber sales to local mills. *The \$30,750 loan enabled the company to create 2 jobs, and leverage \$10,000 in other resources. (September 1997)*
- ♦ **DDG, Inc.** (John Davies owner) financed an expansion of a business that manufactures windsurfing harnessing and supplies. It was located at the Port of Skamania County's industrial site and expanded into international sales. *The company created 6 jobs before fully repaying the loan \$30,750 loan and relocating to Hood River. The business still benefits the region's economy and remains within the NSA. (January 1998)*
- ♦ **"It's a Wrap"** (Robin and Frank Parker owners) specializes in "wrap" sandwiches made with tortillas. Loan funds were used to remodel leased space for the restaurant and to consolidate costs. *With the \$31,096 loan, the Parkers created 5 jobs, and leveraged \$7,000 in other resources. (February 1998)*
- ♦ **Sawtooth Technologies, LLC** (Brian Adams owner) is now an independent Internet service provider known as SAW.NET. The ISP currently has capacity for 1,500 customers, with a potential to expand to 10,000 throughout the Gorge. MicroLoan funds were used to help Sawtooth Technologies with working capital and a marketing campaign. *This \$30,700 loan increased the employee base to 5 full-time and 5 part-time jobs, and leveraged \$10,000 in other investment. (February 1999)*

Private Business Development Loan Program

The goal of the Private Business Development Loan Program is to stimulate job creation, business and job retention, and increased income in the scenic area by providing lending capital for business development and expansion. Loans to businesses are available for fixed-asset financing, working capital, facility development, engineering studies, feasibility studies, and debt restructuring (if part of an overall expansion or retention plan).

The minimum loan available is \$30,000, with a maximum of \$500,000. (\$1,000,000 is available under certain circumstances.)

To date five loans have been approved for a total of \$987,850.

PRIVATE BUSINESS DEVELOPMENT LOAN PROGRAM

Borrower: Greg and Kim Davenport
Business: ANEW, Inc.
Loan Amount: \$81,200
Leveraged: \$81,200

ANEW, Inc. was created in 1998 by combining two companies. The focus is to provide safe, adventure-based training that advances confidence, self-esteem, self-reliance, leadership, teamwork, and wilderness survival skills. The loan also provided funds for additional equipment purchase, consolidation of previous business debt, and funding for working capital needs. *This loan enabled ANEW to hire a receptionist and part-time accountant, a survival instructor, logistics coordinator and 8 to 10 part-time individuals to teach the Ropes Programs. (November 1998)*



Borrower: Angus Ruck
Business: Columbia Gorge Riverside Lodge
Loan Amount: \$293,000
Leveraged: \$100,000

Angus Ruck purchased the eight unit lodging establishment formerly known as "The Timbers" to operate as the "Columbia Gorge Riverside Lodge." In addition to overnight accommodations, event spaces will be used to attract small meetings, weddings, reunions, and other group activities. *The loan enabled Mr. Ruck to purchase the business (including all assets), and complete minor repairs. At this time it is anticipated there will be two full-time employees. (April 2001)*

Borrower: R. Todd Andrews
Business: Loafers Old World Bakery
Loan Amount: \$229,500
Leveraged: \$ 61,554

“Loafers Old World Bakery” expanded from Bingen by purchasing an existing bakery in Stevenson. In addition to retail sales, the bakery expanded into the wholesale market. *Since this growth required more working capital than anticipated, the loan will allow Mr. Andrews to consolidate short-term debt and to improve his cash-flow. There will be approximately 9 full-time employees at this business location. (April 2001)*

Borrower: Lorie Henderson
Business: Spar Tree Inn
Loan Amount: \$84,150
Leveraged: \$116,000

The Washington Investment Board approved this loan to enable one partner to retain the business by purchasing the financial interest of the other partner. *Presently there are 12 full-time and 13 part-time employees working at the Spar Tree Inn. (September 2001) (See also page 5.)*



Borrower: Joseph and Sandra Gamble
Business: Margaux, Inc. dba
The Store @ North Bonneville
Chevron
Loan Amount: \$300,000
Leveraged: \$920,000

This loan helped the owners build a Chevron service station and convenience store located in North Bonneville, just off State Highway 14. Plans include a commercial fueling station, as well as design for potential addition to the convenience store. These funds assisted with construction costs, the purchase of equipment, and augmented working capital. *The owners anticipate 9 full-time and 4 part-time jobs will be created in the first two years of operation. (October 1999)*

Public Improvement Grant and Loan Program

The Public Improvement Grant and Loan Program finances projects that remove infrastructure barriers to economic development in the scenic area. Local governments, ports, and nonprofit organizations may apply for infrastructure project loans that support downtown revitalization, commercial district improvement, waterfront development, farmers and artisan markets, business development, historic preservation, and facility development. Loans and grants may also be requested for public improvement plans, feasibility studies, and pre-construction costs.

There is no minimum loan or grant amount. The maximum loan or grant is \$500,000. (A loan of \$1,000,000 is available under special circumstances.)

To date six awards of more than \$896,000 have been made, leveraging over \$2.9 million in additional investment.

Recipient: Columbia Gorge Interpretive Center
Project Title: Capital Debt Retirement
Loan Amount: \$276,266
Leveraged: \$1,725,000

For several years, OTED staff have worked with the Interpretive Center Board to retire its large capital construction debt. The Washington Investment Board agreed to provide a 5-year, low-interest loan for the remaining \$276,266. This offer contained several conditions aimed at ensuring financial viability for the Center. If these conditions are met, the loan will be “forgiven”. *This loan will help retain 5 jobs, and 2 new jobs are projected.*



Recipient: City of North Bonneville
Project Title: Water/Sewer System Improvements
Loan Amount: \$84,125
Leveraged: \$84,125

The city borrowed funds to make improvements to municipal water and sewer systems to accommodate new business development and residential growth. These improvements are based on the city’s General Sewer and Water plans, that include recommendations for the continued operation and maintenance of the city’s water, wastewater treatment and disposal systems. This loan leveraged an OGDF grant of \$84,125 to complete the project. *(See page 11.)*

Recipient: Skamania County
Project Title: Downtown Revitalization
Grant Amount: \$50,000
Leveraged: \$25,000
Time Period: October 2000-August 2002 (est.)

The county is working with city to revitalize downtown Stevenson. *(See City of Stevenson on page 9.)* This grant will assist in opening the Court House lawn to visitors, vendors and local residents by extending sidewalks. The work will be completed in conjunction with improvements to SR 14, including additional sidewalk and lighting enhancements. *The funds will be added to the city’s existing contract for the downtown streetlights.*

Recipient: Port of Skamania County
Project Title: **Multi-Purpose Industrial Facility Construction**

Grant Amount: **\$205,000**

Leveraged: **\$978,000**

Time Period: **March 2001 to December 2001 (est.)**

The Port received assistance to design and build a multi-purpose facility in North Bonneville. This grant enabled the Port to purchase the property and complete design engineering; i.e., site planning, permitting, and design of facility and site improvements. LifeTek Corporation, a pharmaceutical packaging and distribution company, expects to move its operation to the facility after December 2001. *The company estimates it will employ 12 people in the first year and expand to 100 employees within five to seven years.*



Recipient: City of Stevenson
Project Title: **Historic Downtown Street Lights**

Grant Amount: **\$181,000**

Leveraged: **\$96,500**

Time Period: **September 2000-August 2002 (est.)**

In August 2000 the Washington Investment Board approved funding to help purchase historic streetlights in downtown Stevenson. Installation will take place in conjunction with re-construction of SR 14. *(See pages 4 and 12.)*



Companion Efforts

The Columbia River Gorge Economic Development Program is only one aspect of a local, state, and federal partnership in the Gorge. Washington State's strategy has been to build local capacity in the region, to assist with priority projects, and to pursue economic diversification opportunities.

OTED has encouraged a flexible approach to meeting local needs which has only been possible because of the agency's adaptable resources. The WA-CERT process is used to determine local priorities, and has brought state and federal agencies to work in the Gorge. (For more information on the WA-CERT, go to <http://wacert.wa.gov> on the Internet.)

On the following pages are examples of additional ways that OTED has used its financial and technical assistance resources and investments in the Gorge.

BUILDING ECONOMIC DEVELOPMENT CAPACITY

State and other federal funds administered by OTED have been directed to local nonprofit organizations in Skamania County to provide additional technical assistance in building economic development programs.

Recipient: Mid-Columbia Economic Development District
Project Title: Establish the CGEDA
Grant Amount: \$25,000
Time Period: December 1997-April 2000

MCEDD received funds from the Old Growth Diversification Fund to establish the Columbia Gorge Economic Development Association. The goal of the CGEDA is to carry out targeted recruitment activities in order to bring businesses to the Gorge. This project implemented previous efforts funded by a Gorge Local Capacity Matching Grant. (See page 3.)

Recipient: Skamania County EDC
Project Title: Washington Investment Board Support
Grant Amount: \$37,500 annually
Time Period: July 1997-June 2003 (contract ends)

The EDC has received state funds annually to provide administrative support to the Washington Investment Board and Bi-State Advisory Council. In addition, the EDC has used the funding to hire part-time staff to perform project development activities, including working with the regional organizations to identify local economic development priority projects; coordinating with appropriate state and federal agencies for project scoping and development; working with appropriate agencies to leverage funding opportunities through private capital investment; writing grant and loan applications; meeting with representatives from the funding sources; providing training to create a working level understanding of project development; and, marketing the Scenic Area grant and loan programs.



INFRASTRUCTURE DEVELOPMENT

Many areas of the Gorge cannot grow economically because of inadequate infrastructure. OTED works with state and federal partners to make strategic investments that support predevelopment planning and construction of economic development infrastructure; i.e., roads, water and wastewater systems, and telecommunications.

Recipient: City of Bingen
Project Title: **SR 14 Improvements**
Grant Amount: **\$1,250,000**

The city received an award from the Community Economic Revitalization Board's Rural Economic Vitality Initiative to improve State Route 14 which serves downtown Bingen. This construction is part of the city's downtown revitalization plan to enhance downtown appearance and safety. Improvements include off-street parking, drainage enhancements, pedestrian crossings, and street lights.

Recipient: City of North Bonneville
Project Title: **Water/Sewer System Improvements**
Grant Amount: **\$84,125**
Time Period: **August 1998-March 2002 (est.)**

The city received a grant from OTED's Old Growth Diversification Fund to upgrade the municipal water and sewer systems. This grant/loan combination helped lower the debt liability and rate structure. (See page 8.)

Recipient: City of North Bonneville
Project Title: **Cascade Drive Rehabilitation**
Grant Amount: **\$417,675**

North Bonneville also received funding from the CERB Rural Economic Vitality Initiative. The grant is to rehabilitate Cascade Drive.



Site of North Bonneville Industrial Park

Recipient: Port of Skamania County
Project Title: **Planning for North Bonneville Industrial Park**
Grant Amount: **\$75,000**
Time Period: **February 2000-February 2001 (est.)**

The port received funds from OGDF and the state Rural Opportunity Fund for preliminary planning and engineering for site development of the North Bonneville Industrial and Business Park.

Recipient: Skamania County EDC
Project Title: **Fiber Optic Network Feasibility**
Grant Amount: **\$20,000**
Time Period: **April 2000-September 2000**

The Port of Skamania County and Skamania County PUD were awarded funds from the state Rural Opportunity Fund to complete a Business Plan and Preliminary Feasibility Study for a high-speed, high-bandwidth fiber optic network in Skamania County. This work is necessary as the first step in accessing a 1,000-mile Tier I, fiber optic loop owned by the Bonneville Power Administration in the city of Stevenson. (Skamania County EDC administered the contract to assist the port and PUD in these planning efforts.)



Recipient: City of Stevenson
Project Title: **SR 14 Improvements**
Grant Amount: **\$1,049,827**

The city received an award from the CERB Rural Economic Vitality Initiative to make improvements to State Route 14 which goes through downtown Stevenson. This highway improvement is crucial for the city's tourism, retail development, and commercial expansion.

Recipient: City of Stevenson
Project Title: **Ryan Allen Waterline**
Award: **\$50,000 loan**
\$200,000 grant

The city received CERB funds to design, construct, and install an 11,400 foot upgrade to the Ryan Allen Waterline. The improvements will bring the waterline up to fire flow standards required for the expansion of the Skamania Lodge. This expansion will add 52 rooms and 18,000 square feet of conference center. *It is estimated 38 full-time equivalent jobs will be created in the next one to three years.*

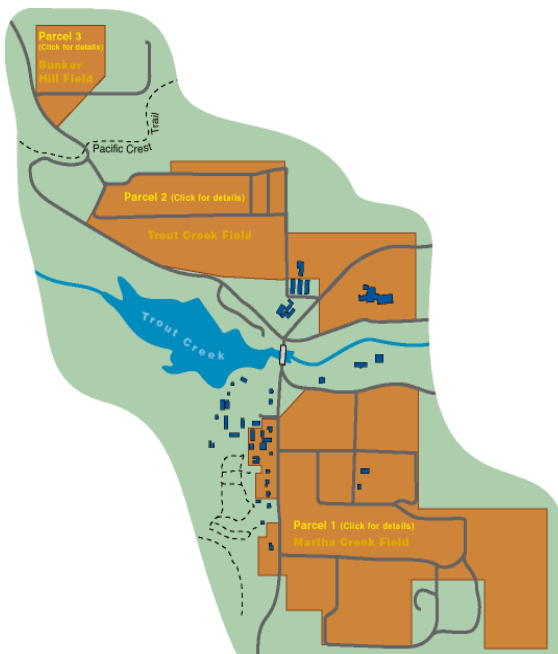


STRATEGIC PLANNING

Strategic planning can provide a road map for defining and implementing community priorities. Well-defined plans allow local jurisdictions to take more control of future needs and financing.

Recipient: Skamania County
Project Title: **Public Services and Financing Plan**
Grant Amount: **\$50,000**
Time Period: **October 1998-July 2000**

In 1997 Skamania County was selected as a participant community in the Washington Community Economic Revitalization Team (WA-CERT) Rural Community Symposium. As a result, in October 1998 the county embarked on a Strategic Public Services and Financing Plan. The plan prioritized needed services and developed a strategic plan for delivering those services. OTED provided \$50,000 from OGDF to assist in these efforts.



Wind River Nursery Site

Special Assistance

As an outside party to the Wind River Nursery land transfer, OTED offered to provide additional assistance for USDA-Forest Service and Skamania County to reach a mutually acceptable settlement. The agency called upon experienced mediator Jim Arthur.

Mr. Arthur has mediated and facilitated public issues for nearly thirty years in more than twenty states: first in private practice, then with the Mediation Institute and the New England Environmental Mediation Center, and since 1994 with the state of Washington.

WIND RIVER NURSERY

The site of the Wind River Nursery offers an opportunity for Skamania County to diversify the local economy by providing additional land for alternative development. OTED has provided funding and technical assistance to help the county reach this goal. The Skamania County Commissioners and the USDA-Forest Service signed the Wind River Nursery conveyance documents on October 1, 2001.



Anita Gahimer (Port of Skamania County), Marilyn Breckel (Skamania County Commissioners Office), Bud Quinn (Skamania County Commissioner), Peggy Bryan (EDC), Greg Cox (Gifford Pinchot National Forest Mt. Adams Ranger District, District Ranger), Vicki Wessling (Forest Service GP Headquarters Office), Lawnie Morgan (Forest Service Mt. Adams District Office), Bob Talent (Skamania County Commissioner), signing are Al McKee (Skamania County Commissioner) and Claire Lavendel (Forest Supervisor, GP).

Recipient: Port of Skamania County
Project Title: **Wind River Nursery**
Grant Amount: **\$24,000**
Time Period: **April 1997-March 1998**

The port was awarded funding from OTED's Old Growth Diversification Fund to develop a proposal for alternative usage for the Wind River Nursery.

Recipient: Skamania County
Project Title: **Wind River Nursery—Phase II**
Grant Amount: **\$50,000**
Time Period: **October 1998-July 2000**

Subsequently, the county was awarded \$35,000 from OGDF and \$15,000 from the Rural Opportunity Fund to continue the transition in Phase II. (See above.) With this grant, the county completed the title work, developing a Facilities and Operations Manual, Master Plan, Feasibility Analysis for Marketing, and a profile of desired tenants and uses.



OTED STAFF SUPPORT

As part of a long-term commitment to the Gorge Economic Development Program, OTED staff provide additional resources by devoting time to technical assistance and administration. Funding for OTED staff is through the State General Fund.

Skamania County Economic Development Council assists OTED with support of the Washington Investment Board, as well as project development and loan packaging. (See page 10.)

For More Information

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Local Capacity Matching Grants and Public Improvement Grant and Loan Projects

A scoping agent is assigned to projects to gather detailed information, explore possible funding sources, approach funding sources to determine whether the project is a good fit, and to prepare a staff recommendation. In many cases OTED technical staff assume the role of the WA-CERT scoping agent for these Gorge area projects.

A written recommendation is made to OTED and the Washington Investment Board that includes applicant information, project description, project scope of work, proposed sources and uses of funds, recommended funding amount and matching requirement, recommended funding terms and conditions, justification of financing need, and consistency with eligibility requirements and selection criteria.

Private Business Development Loans

OTED receives loan applications and assigns each to a staff loan packager who gathers detailed information about the project, explores possible funding sources, approaches funding sources to determine whether the project is a good fit, and prepares a staff recommendation in the form of a credit memorandum.

The memorandum includes applicant information, management capability, project description, project scope of work and proposed sources and uses of funds, recommended funding amount, recommended funding terms, justification of financing need, and consistency with eligibility requirements and selection criteria.

Grant Administration

OTED administers the National Scenic Area grants received from USDA-Forest Service. These activities include securing project approval from the Director of OTED's Economic Development Division; negotiating and executing the grant or loan agreement and disbursing funds to the subgrantee or borrower; monitoring loans and grants and fulfilling federal reporting requirements; servicing the loans and tracking repayment income for relending; and tracking fund commitments, fund balances and repayment records; and periodically making reports to the Washington Investment Board.